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**UNITED STATES DISTRICT COURT
 EASTERN DISTRICT OF WASHINGTON**

HOWARD CROSBY; OMAR FATTAH;
 DONALD LEWIS and CAROL LEWIS,
 husband and wife; CYNTHIA ROGERS;
 DAVID SOLOMON; and HENRI
 MOREAU,

Plaintiffs,

vs.

PETROMED, INC., a Nevada corporation;
 PETROMED, LTD., a Canadian
 corporation; PETROMED, PLC (a/k/a
 PETROMED, PLC-UK), a United
 Kingdom corporation; PETROMED
 CORPORATION, a Belize corporation;
 HAGAI AMIR and JANE DOE AMIR,
 husband and wife, d/b/a ABBERLEY
 INTERNATIONAL, LTD.; RUSSELL
 KOCH and JANE DOE KOCH, husband
 and wife, d/b/a ATLANTIQUE CAPITAL
 GROUP and BOSWELL SYSTEMS
 CORPORATION; PETROMED
 CONSORTIUM CORPORATION OF
 THE BAHAMAS, a Bahamian corporation;
 LYLE DURHAM and DEBORAH L.
 DURHAM, husband and wife; THOMAS

NO. CV-09-5055-EFS

FIRST AMENDED
 COMPLAINT

JURY TRIAL DEMANDED

1 J. HARRIS, CPA, and JANE DOE
2 HARRIS, husband and wife; and JOHN
3 DOES 1 THROUGH 50, INCLUSIVE,

4 Defendants.

5 Plaintiffs, Howard Crosby, Omar Fattah, Donald Lewis, Carol Lewis,
6 Cynthia Rogers, David Solomon and Henri Moreau, for causes of action against
7 the Defendants, allege as follows:
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10 **I. PARTIES**

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12 1.1 At all times material hereto, Plaintiff Howard Crosby has resided in
13 the above judicial district.

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15 1.2 At all times material hereto, Plaintiff Omar Fattah has resided in the
16 country of Mexico.
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19 1.3 At all times material hereto, Plaintiffs Donald Lewis and Carol Lewis
20 (“Lewis”) have resided in the above judicial district.
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23 1.4 At all times material hereto, Plaintiff Cynthia Rogers has resided in
24 the above judicial district.
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27 1.5 At all times material hereto, Plaintiff David Solomon has resided in
28 the above judicial district.
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31 1.6 At all times material hereto, Plaintiff Henri Moreau has resided in Port
32 Orchard, Washington.
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34 1.7 At all times material hereto, upon information and belief, Defendant

1 PetroMed, Inc. was a Nevada corporation authorized to do business in the state of
2 Washington, and doing business in the above judicial district.
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4 1.8 At all times material hereto, upon information and belief, Defendants
5 Hagai Amir and Jane Doe Amir, husband and wife, d/b/a Abberley International,
6 Ltd. ("Amir"), constituted a marital community residing in British Columbia,
7 Canada. All acts alleged herein to have been performed by either of said
8 Defendants were performed for and on behalf of said marital community.
9 Plaintiffs are ignorant of the true name of Defendant "Jane Doe" Amir, and for that
10 reason, she is sued under a fictitious name. Defendants Amir conduct and transact
11 business under the assumed name of Abberley International, Ltd.
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18 1.9 At all times material hereto, upon information and belief, Defendants
19 Russell Koch and Jane Doe Koch, husband and wife, d/b/a Atlantique Capital
20 Group and/or Boswell Systems Corporation ("Koch"), constituted a marital
21 community residing in King County, Washington. All acts alleged herein to have
22 been performed by either of said Defendants were performed for and on behalf of
23 said marital community. Plaintiffs are ignorant of the true name of Defendant
24 "Jane Doe" Koch, and for that reason, she is sued under a fictitious name.
25 Defendants Koch conduct and transact business under the assumed name of
26 Atlantique Capital Group and also Boswell Systems Corporation.
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1 1.10 At all times material hereto, upon information and belief, Defendant
2 PetroMed, Ltd. was and now is an Ontario, Canada corporation. Defendants have
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4 alleged that PetroMed, Ltd. is merely a continuation and/or successor of PetroMed,
5
6 Inc., with the same executives/representatives, assets, and shareholders.
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8 1.11 At all times material hereto, upon information and belief, Defendant
9 PetroMed, PLC (a/k/a PetroMed, PLC-UK) was and now is a foreign corporation.
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11 Defendants have alleged that PetroMed, PLC was merely a continuation and/or
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13 successor of PetroMed, Ltd. and PetroMed, Inc, with the same
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15 executives/representatives, assets, and shareholders.
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17 1.12 At all times material hereto, upon information and belief, Defendant
18 PetroMed Corporation was and now is a foreign corporation. Defendants have
19
20 alleged that PetroMed Corporation was merely a continuation and/or successor of
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22 PetroMed, PLC, PetroMed, Ltd., and PetroMed, Inc., with the same
23
24 executives/representatives, assets, and shareholders.
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26 1.13 At all times herein material, upon information and belief, Defendant
27 Petromed Consortium Corporation of the Bahamas was and now is a foreign
28
29 corporation, and may be a successor corporation to PetroMed, PLC, PetroMed
30
31 Ltd., and PetroMed, Inc.
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33 1.14 At all times herein pertinent, upon information and belief, Defendants
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1 Lyle Durham and Deborah L. Durham, husband and wife (“Durham”) constituted a
2 marital community residing in King County, Washington. All acts alleged herein
3 to have been performed by either of said Defendants were performed for and on
4 behalf of said marital community.
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8 1.15 At all times herein pertinent, upon information and belief, Defendants
9 Thomas J. Harris, CPA and Jane Doe Harris, husband and wife, (“Harris”)
10 constituted a marital community residing in King County, Washington. All acts
11 alleged herein to have been performed by either of said Defendants were
12 performed for and on behalf of said marital community. Plaintiffs are ignorant of
13 the true name of Defendant “Jane Doe” Harris, and for that reason she is sued
14 under a fictitious name.
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20 1.16 John Does 1 through 50 inclusive are, upon information and belief,
21 former and current officers, directors, and/or speaking agents of the PetroMed
22 entities, including but not limited to PetroMed, Inc. and/or PetroMed, Ltd. and/or
23 PetroMed PLC and/or PetroMed Corporation and/or PetroMed Consortium
24 Corporation of the Bahamas.
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29 1.17 For ease of reference and because the Defendants have alleged that all
30 PetroMed entities are one and the same, the various PetroMed entities are
31 collectively referred to as “the Company,” unless otherwise necessary to refer to
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1 them by their individual names.

2 II. JURISDICTION AND VENUE

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4 2.1 This action arises under the Securities Exchange Act of 1934
5 (“Exchange Act”), Section 10(b), [codified at 15 U.S.C. § 78j and at 15 U.S.C, 78r
6 as to Defendant Harris)] and SEC Rule 10b-5 [17 CFR § 270.10b-5 (2004)], and
7 the Securities Act of 1933 [codified at 15 U.S.C. 77a, *et seq.*], and the laws of the
8 State of Washington. Plaintiffs seek to recover damages sustained as a result of
9 Defendants’ conduct, along with the costs of this suit, interest, and reasonable
10 attorney’s fees. The Court’s jurisdiction is invoked under 28 U.S.C. §§ 1331,
11 1332, 1337, and 1367, the Securities Exchange Act of 1934, § 27; 15 U.S.C. §
12 78aa, the Securities Act of 1933, 15 U.S.C. § 77a, and the doctrine of pendent
13 jurisdiction.
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15 2.2 The amount in controversy, without interest and costs, exceeds the
16 sum or value specified by 28 U.S.C. § 1332.
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18 2.3 The Defendants are subject to the personal jurisdiction of this Court
19 under Fed. R.Civ. P. Rule 4(e) and under the nationwide service of process
20 provisions of 15 U.S.C. § 78aa.
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22 2.4 At all times material hereto, the Company, and/or the individual
23 PetroMed entities, through its representatives and the individual Defendants,
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1 solicited and obtained investments from United States and Washington State
2 residents, including those of this judicial district, through personal meetings in this
3 judicial district, telephone, mail, e-mail, Internet, written materials, and public
4 statements.
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8 2.5 The Company, and/or the individual PetroMed entities, has issued
9 millions of shares of stock to United States and Washington State residents, and
10 more specifically, to residents of this judicial district. Amir signed the share
11 certificates.
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15 2.6 At all times material hereto, the Company, and/or the individual
16 PetroMed entities, through its representatives and the individual Defendants,
17 provided numerous updates on the status of the Company to its United States
18 shareholders, including those of this judicial district, through personal meetings,
19 telephone, mail, e-mail, the Internet, written materials, and public statements.
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24 2.7 At all times material hereto, the Company, and/or the individual
25 PetroMed entities, has conducted business in the United States. The Company,
26 through its representatives, and the individual Defendants, have had sufficient
27 contacts with the United States and with this judicial district.
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31 2.8 Venue is proper in this District under 28 U.S.C. § 1391 (b) and 9 (c).
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33 A substantial part of the events and conduct giving rise to the violations of law
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1 complained of herein occurred in or emanated from this judicial district. In
2 addition, it is believed that Defendants continue to conduct regular business with
3 consumers in this judicial district.
4

5 6 **III. FACTS**

7 8 THE "COMPANY":

9
10 3.1 It is alleged by Defendants (a position not adopted by the Plaintiffs)
11 that PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC, and PetroMed Corp., are one
12 in the same. Thus, for purposes of identification only, the PetroMed entities shall
13 be collectively referred to herein as "the Company," or individually, where
14 necessary.
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18 3.2 As represented by the Defendants, the Company was incorporated
19 on November 16, 2000, under the laws of the State of Nevada as Kelsey
20 Environmental Technologies. According to the Company, the corporation was
21 dormant until July 25, 2003, at which time it began operations and changed its
22 name to PetroMed, Inc.
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27 3.3 Based on varying Company information, the Company was founded
28 in either 1999, 2000, 2001, or 2003.
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31 3.4 Upon further information and belief, PetroMed, Inc. of Nevada was
32 acquired by Linux, Inc. of Ontario, Canada in December of 2005. The name of the
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1 corporation was later changed to PetroMed, Ltd. and sold its assets to a United
2 Kingdom company called Raddichio PLC. The name of Raddichio PLC was later
3 changed to PetroMed PLC.
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6 3.5 Defendants Amir and Durham were listed as officers and directors of
7 PetroMed, Ltd., and Russell Koch was the secretary and an agent of PetroMed,
8 Ltd.
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11 3.6 The Defendants have represented that PetroMed, PLC became
12 domiciled in Belize as a “corporate continuation” and changed its name to
13 PetroMed Corporation on September 7, 2007.
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16 3.7 The Defendants have represented that each time the Company
17 changed its name it was a mere continuation of the prior named entity, with the
18 same purpose, and same officers and representatives.
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21 3.8 The Defendants have represented that each time the Company
22 changed its name it provided for, or promised to provide for, the transfer of every
23 shareholder’s investment in the various PetroMed entities to the new entity, on a
24 share-for-share basis. Stock certificates to reflect this were not issued in every
25 case, however.
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28 3.9 Upon information and belief, at all times material hereto, Durham is
29 and has been an officer and director of the Company and a person of control.
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1 3.10 Koch and the Company held Koch out to be, at various times, an
2 officer, controller, director, and operator of PetroMed, Inc. and the multiple other
3 PetroMed entities named as Defendants herein.
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5 3.11 Upon information and belief, Koch was and is an individual in control
6 of the Company. Koch has been involved in extensive activities as a promoter of
7 the Company, and was designated as its contact person in Company reports and
8 statements to the press. Koch has submitted numerous statements to the press in a
9 representative capacity for the Company.
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15 3.12 Amir is the President and Chief Executive Officer of the Company.
16 Amir and the Company have represented that Amir is the President and Chief
17 Executive Officer of the Company in numerous press releases, on the Company
18 Website, in internal documents, and in shareholder updates in multiple media since
19 the Company's inception. Amir is a person of control for the Company.
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24 3.13 Upon information and belief, Koch and Amir submitted an application
25 for four initial "exploration permits" for areas off the shore of Israel to the Ministry
26 of National Infrastructures, Oil & Gas Explorations & Licensing Division,
27 Jerusalem, Israel on or about March 30, 2006. All funds expended for said permits
28 were raised from shareholders of PetroMed, Inc.
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33 3.14 Amir submitted the application for "exploration permits" to the Israeli
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1 government under the name "PetroMed, Ltd." This application was filed without
2 notice to or approval of PetroMed, Inc.'s shareholders, who had incurred one
3 hundred percent of the costs and expenses associated with the permit application
4 process.
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8 3.15 On or about July 16, 2006, the Ministry of National Infrastructures
9 granted preemption rights and preliminary permits in the name of PetroMed, Ltd.
10 As a result, all shares in PetroMed, Inc. no longer had any value.
11

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13 3.16 Upon information and belief, the individual Defendants carried out a
14 manipulative and/or deceptive scheme or device of transferring Company assets
15 between newly-formed and newly-domiciled PetroMed entities, resulting in the
16 dilution in value of the shares, as follows:
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20 a. The individual Defendants located a dormant United Kingdom
21 company, Raddichio, PLC, and on May 26, 2006 changed its name to
22 PetroMed, PLC. Said Defendants represented to existing Company
23 shareholders that their ownership interests were to merge with the new entity
24 as a share-for-share exchange with the same nominal ownership. The share-
25 for-share exchange never occurred. Amir and Durham were named directors
26 in PetroMed, PLC.
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30 b. PetroMed, PLC then agreed to issue to PetroMed, Ltd.
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1 25,142,427 shares of PetroMed, PLC in exchange for the exclusive
2 exploratory permits issued to PetroMed, Ltd., pursuant to an asset purchase
3 agreement, under the direction and approval of director Lyle Durham.
4

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6 c. Because PetroMed, PLC's issued and outstanding shares totaled
7 56,641,777 as of September 20, 2006, PetroMed, Ltd.'s shareholders (who
8 on information and belief consist of the named individual Defendants) now
9 owned almost one-half of PetroMed, PLC's stock, having paid no
10 consideration for the same.
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14 d. On August 4, 2006, PetroMed, Inc., without any shareholder
15 notice or approval, agreed to enter into a share exchange agreement with
16 PetroMed, PLC. PetroMed, PLC agreed to issue 17,137,750 shares to
17 PetroMed, Inc. (which number equaled the total issued and outstanding
18 shares of PetroMed, Inc.) for no consideration.
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24 3.17 Since PetroMed, PLC's total issued and outstanding shares were
25 56,641,777, the share exchange with PetroMed, Inc. resulted in a 69.75% dilution
26 in share ownership of PetroMed, Inc.'s stock.
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29 3.18 Subsequently, on January 18, 2007, the board of directors of
30 PetroMed, PLC (consisting of Koch, Amir, and John Gillespie) adopted a
31 resolution transferring the Israeli exploratory permits to Defendant PetroMed
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1 Consortium Corporation of the Bahamas or some other PetroMed entity, again for
2 no consideration and without shareholder notice or approval.
3

4 3.19 On February 9, 2007, Koch, signing as president of PetroMed
5 Consortium Corporation of the Bahamas, granted all exclusive exploratory rights
6 (by deed) to Altmark Holdings, Ltd., a foreign entity.
7

8 3.20 In January 2008, the exploratory permits expired. The Defendants
9 failed to explain to shareholders and investors that the permit was effective for
10 only eighteen months, upon which the company receiving the permit must apply
11 for drilling licenses. The drilling licenses, upon information and belief, are
12 effective for up to seven years.
13

14 3.21 The Company has alleged that one additional exploration permit and
15 two drilling licenses were granted to the Company by the Ministry of
16 Infrastructures in mid-2008.
17

18 3.22 Upon information and belief, on or about May 5, 2008, the
19 Company, through Defendant Thomas J. Harris, CPA, completed audited
20 financials for the years 2003 (“inception”) through 2007. Upon information and
21 belief, those “Financial Statements” were distributed to the Company shareholders
22 and used for the purpose of supplying information for prospective investors.
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THE PLAINTIFFS/INVESTORS:

HOWARD CROSBY:

3.23 In early 2004, Defendant Koch telephoned Plaintiff Howard Crosby, in this judicial district, and solicited an investment in PetroMed, Inc.

3.24 Koch represented to Crosby that PetroMed, Inc. was a private startup company involved in the exploration of oil and gas off the coast of Israel, and needed an influx of capital to enable the company to contract with Columbia Basin Energy Corporation, a geophysics consultant. Koch represented the ultimate goal was to secure oil and gas permits from and within the country of Israel.

3.25 In about April of 2004, after numerous subsequent telephone discussions with Koch, Howard Crosby invested \$35,000 in PetroMed, Inc. In exchange for his investment, Howard Crosby was issued 500,000 shares of stock in PetroMed, Inc.

3.26 For at least six months following Crosby's investment in April 2004, Koch telephoned Crosby every two weeks to solicit an additional investment.

3.27 During these multiple conversations, which took place through approximately September or October of 2004, Koch repeatedly represented to Crosby that the Company had obtained the necessary permits from the government of Israel to conduct the required seismic testing that must precede any actual

1 offshore drilling.

2 3.28 During these multiple bi-weekly telephone calls, Koch also
3 represented to Crosby that obtaining the necessary funding to conduct the seismic
4 testing and drilling would not be difficult. Koch stated that companies would be
5 fighting to put up the capital and to partner with PetroMed on the drilling project.
6
7

8 3.29 Some time between June 2004 and September of 2004, Koch and
9 Durham traveled to the Tri-Cities, Washington area to meet with Crosby. During
10 that meeting, Koch and Durham again represented that permits had been obtained
11 for the initial testing and assured Crosby of the imminent success of the drilling
12 project.
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18 3.30 During their initial and continued contact through September of
19 2004, Koch materially misrepresented to Crosby that the necessary exploration
20 permits were already in place. Crosby reasonably relied upon this representation in
21 making the decision to invest in PetroMed. The representation was a critical factor
22 in Crosby's evaluation of the potential for success in finding oil off the coast of
23 Israel, and in his evaluation of the time frame necessary to begin drilling.
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29 3.31 The repeated representations by Koch that the company was poised
30 for exploration, had the necessary permits, and that the necessary funding would be
31 easily obtained, made through September or October 2004, was a continuation of
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1 the material misrepresentations perpetrated upon Crosby. All said
2 misrepresentations were made in connection with the purchase and sale of
3 securities.
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6 3.32 Each contact by Koch and Amir and/or the Company with Solomon
7 was "in connection with" the purchase and sale of securities.
8

9
10 DONALD AND CAROL LEWIS:

11 3.33 In or about the spring of 2004, Russell Koch began soliciting
12 investments from Plaintiffs Lewis in this judicial district. For the next three years,
13 Koch and Lewis engaged in multiple telephone conversations and had extensive e-
14 mail contact, sometimes on a daily basis and/or multiple times per day. In addition
15 to telephone and e-mail contact, Koch met with Lewis in Lewis's home in Spokane
16 with multiple other investors, and again at Koch's home in Seattle.
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22 3.34 Based upon repeated representations that this was a sound
23 investment, Lewis began making a series of investments into the Company.
24 Between July 29, 2004 and February 16, 2007, Lewis made at least twelve separate
25 investments in the Company, totaling in excess of \$123,000, for which he received
26 over 1 million shares. This represented Lewis' entire life savings.
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31 3.35 Lewis made investments in PetroMed, Inc., PetroMed, PLC, and
32 PetroMed Corp., but he never knew what company he was investing in and he was
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1 never informed that there were multiple PetroMed entities. At no time did Lewis
2 ever attempt to understand or differentiate between the various companies as he
3 was not aware that this was an issue.
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6 3.36 Several of the Lewis's investments were made as gifts for their
7 children. The stock certificates were purchased in their children's names,
8 including Cynthia Rogers, Tamara Sorokin, and Terry Lewis. Most of the
9 certificates were signed by Amir.
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13 3.37 Each time Lewis invested, Koch instructed Lewis to make his check
14 out to Atlantique Capital Group and mail it to Koch's address in Sammamish,
15 Washington.
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18 3.38 Lewis has been issued stock certificates in PetroMed, Inc.,
19 PetroMed, PLC, and PetroMed Corp. However, the number of shares invested are
20 not reflected on a share-for-share basis from one entity to the next.
21
22

23
24 3.39 Prior to and during the period of time that Lewis made the above-
25 described investments, Koch and Lewis had numerous telephone conversations and
26 exchanged numerous e-mails in which Koch repeatedly represented to Lewis that
27 the stock would be publicly traded, that trading was imminent, and that the starting
28 price would be 5 Euros.
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33 3.40 Koch made these representations to Lewis via e-mail and telephone
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1 for the purpose of inducing Lewis to invest and assuring Lewis that he would
2 realize a return on his investment as soon as public trading on the stock market,
3 which Koch represented was imminent, began.
4

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6 3.41 Each of these contacts and each representation made by Koch and/or
7 the Company was “in connection with” the purchase and sale of securities.
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10 3.42 Prior to and during the period of time that Lewis made the above-
11 described investments, Durham also contacted Lewis, by e-mail and telephone, and
12 made similar representations to Lewis as those made Koch.
13

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15 3.43 Each contact by Koch and Amir and/or the Company with Solomon
16 was “in connection with” the purchase and sale of securities.
17

18 DAVID SOLOMON:
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20 3.44 In mid December 2003, David Solomon contacted Koch, upon the
21 recommendation of Koch’s father, to inquire about investment opportunities in the
22 Company. Koch represented to Solomon, during their initial telephone
23 conversation, that the Company stock would be listed on a public stock exchange
24 in February 2006 for \$5 to \$7 per share. Koch also suggested Solomon inform
25 other potential investors of the opportunity, and stated that the investment
26 opportunity would be available for only a few days.
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33 3.45 Russell Koch represented to Solomon that he was a director of
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1 PetroMed and a promoter.

2 3.46 Between late 2005 to mid-2008, Solomon and Koch exchanged
3 numerous e-mails, spoke by telephone three to eight more times, and met in
4 person on one occasion.
5

6 3.47 Solomon told Koch that he would invest in the Company only if
7 Koch was certain the Company would go public in February of 2006. Koch
8 assured Solomon that it would and Solomon decided to invest in PetroMed based
9 upon the representations by Koch.
10
11

12 3.48 Solomon told Koch he would have to borrow the funds in order to
13 invest in the Company. Solomon also told Koch that he planned to pay off the loan
14 in February of 2006, when the Company went public. On this basis, Solomon
15 made it very clear to Koch that he was not a "long-term investor." Koch
16 represented to Solomon that the stock would be publicly-trading by February with
17 the opening price at 5 Euros.
18
19

20 3.49 On or about December 22, 2005, Solomon invested \$25,000 in the
21 Company, for which he received 50,000 shares in PetroMed, Inc. Solomon was
22 instructed by Koch to make his check payable to Atlantique Capital Group.
23 Solomon mailed the check to Koch at his Sammamish, Washington address, per
24 Koch's instructions.
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1 3.50 In or about the third week of January of 2006, Solomon received a
2 stock certificate issued on January 10, 2006 by PetroMed, Inc.
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4 3.51 In or about May of 2008, Solomon received a stock certificate for
5 50,000 shares in PetroMed, PLC, issued on April 18, 2008.
6

7 3.52 Solomon has not received any other stock certificates from the
8 Company.
9

10 3.53 During Solomon's numerous contacts with Koch, Koch repeatedly
11 delayed the anticipated date when public trading would commence, while
12 repeatedly assuring Solomon that public trading would take place.
13

14 3.54 Koch ceased responding to all emails and phone messages sent or
15 left by Solomon in or about mid-2008.
16

17 3.55 In or about November 2008, Solomon had a telephone conversation
18 with Amir, who represented that he was the President of PetroMed. During that
19 conversation, Amir assured Solomon that the Company was continuing to do
20 everything necessary to proceed with exploration and drilling was on schedule.
21

22 3.56 Based upon the representations and repeated assurances of Koch and
23 Amir, as well as the public statements of the Company, Solomon decided to make
24 a short-term investment in the Company. Based on the repeated representations
25 and assurances made by Koch and Amir subsequent to Solomon's investment,
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1 Solomon understood he would be able to realize a return on his investment
2 “imminently.”
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4 3.57 Each contact by Koch and Amir and/or the Company with Solomon
5 was “in connection with” the purchase and sale of securities.
6

7
8 HENRI MOREAU:

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10 3.58 In late 2005, Moreau had multiple telephone conversations and e-
11 mail exchanges with Koch, in which Koch solicited Moreau to make an investment
12 in the Company.
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15 3.59 On December 22, 2005, Moreau invested \$25,000, for which he
16 received 50,000 shares of stock. Koch represented to Moreau that he would be
17 investing in PetroMed, Inc.
18

19
20 3.60 Moreau was instructed by Koch to make the check payable to
21 Atlantique Capital Group.
22

23
24 3.61 The first stock certificate was issued by PetroMed, Inc. on January
25 10, 2006.
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28 3.62 Moreau was issued a second stock certificate on August 14, 2006,
29 for 50,000 shares of common stock in PetroMed, PLC.
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32 3.63 Without notice or explanation, Moreau was issued a third stock
33 certificate on April 18, 2008 for 50,000 shares of common stock in PetroMed
34

1 Corp.

2 3.64 Moreau invested in the Company based upon the repeated
3 representations by Koch that the stock was about to go public and would be
4 immediately trading for 5 Euros. Koch also repeatedly represented to Moreau that
5 the Company continued to make successful progress in the development of oil off
6 the coast of Israel. These representations were supported by the reports made by
7 the Company on its Website.
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13 3.65 Subsequent to Moreau's initial investment, the Company issued
14 periodic newsletters representing that the project was progressing, for the purpose
15 of instilling confidence in the investment.
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18 3.66 Each contact by Koch and Amir and/or the Company with Solomon
19 was "in connection with" the purchase and sale of securities.
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22 CYNTHIA ROGERS

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24 3.67 Cynthia Rogers is the daughter of Donald and Carol Lewis. She is a
25 shareholder in PetroMed stock by virtue of a gift of shares from her parents.
26 Rogers has stock certificates issued as follows: 20,000 shares in PetroMed, Inc,
27 issued on September 12, 2005; 20,000 shares in PetroMed, PLC issued on August
28 15, 2006; and 15,000 shares in PetroMed, PLC issued on February 16, 2007.
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33 3.68 Rogers met with Koch in Spokane in June 2006. Koch represented
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1 that public trading of the Company stock was to begin on June 20, 2006. Koch
2 further represented that stock would open at 5 Euros and would be trading at 50
3 Euros very soon thereafter.
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6 3.69 Each contact by Koch and Amir and/or the Company with Solomon
7 was "in connection with" the purchase and sale of securities.
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9
10 OMAR FATTAH:

11 3.70 In about August or September 2006, Russell Koch began soliciting
12 investments from Plaintiff Omar Fattah. Koch and Fattah engaged in multiple
13 telephone conversations and had extensive email contact.
14
15

16 3.71 After February of 2008, Omar Fattah also began communicating
17 with Amir by telephone and by email.
18
19

20 3.72 All financial and documentary transactions and communications for
21 Fattah's purchase of stock took place between Fattah and Erika Larsson, who
22 worked as an agent for the Company to recruit investors.
23
24

25 3.73 Fattah reasonably relied upon direct representations made to him by
26 Koch and Hagai in making his investment decisions. Additionally, Fattah
27 reasonably relied upon information disseminated by the Company in the form of
28 press releases, shareholder updates, prospectuses or prospectus-type information,
29 financial audits, and other information relayed to Erika Larsson by PetroMed
30
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34

1 officials.

2
3 3.74 In information relayed by the Company and its agents and/or
4 representatives, key and material facts regarding the Company's current status
5
6 were repeatedly misrepresented and overstated, as follows:

7
8 a. The status of Company funding. Specifically, Company agents
9
10 and representatives repeatedly stated that sufficient investments to
11
12 fund all operations for the next year, two years, or up to the point
13
14 when actually drilling could commence was either secured or would
15
16 imminently be secured.

17
18 b. The status of issuance of a bond offering. Specifically, the
19
20 Company agents and representatives repeatedly stated that a bond
21
22 offering valued at \$450 million was either complete or imminent, and
23
24 that the offering would fund the operations fully up to the drilling
25
26 stage.

27
28 c. The status of marketability of Company shares. Specifically,
29
30 Koch told Fattah in August or September of 2006 that the Company
31
32 stock was currently trading for six Euros and that Fattah could
33
34 purchase stock for \$1.00 per share that would be restricted from
trading for one year. Based on this representation, Fattah determined

1 it would be a good investment and he purchased 125,000 shares of
2 stock for \$125,000. To date, these shares or their supposed
3 replacements in substitute companies, remain restricted from trading.
4

5
6 d. Misrepresentations as to the status of the placement or existence
7 of Company stock on various exchanges.
8

9
10 e. Misrepresentations as to the status of oil exploration.

11
12 f. The status of procuring the necessary ships for 3-D seismic
13 work. Specifically, Russell Koch solicited additional funds from
14 Fattah in August 2007, and represented that if Fattah would contribute
15 \$100,000 there would be sufficient funds to immediately secure the
16 ship for 3-D seismic work. Based on these representations, Fattah
17 invested an additional \$100,000 on August 19, 2007. As of the date
18 of filing this lawsuit, the 3-D seismic boat had not yet been secured.
19

20
21 g. The status of exploration. Specifically, the Company
22 consistently provided information to the shareholders, either directly,
23 or through press releases, or prospectuses or prospectus-type
24 literature, that the drilling process was imminent.
25

26
27 h. The Company's expenses for administrative costs, including
28 salaries and company travel. Specifically, the Company has never
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1 disclosed that Company funds were transferred to personal off-shore
2 accounts for the benefit of certain individual Defendants. Moreover,
3 Koch and Amir have affirmatively represented that they “have not
4 taken a dime out of the company.”
5

6
7
8 i. Misrepresentations as to the amounts spent by the Company on
9 seismic and exploration expenses.
10

11
12 h. Misrepresentations as to the true financial condition of the
13 Company.
14

15 i. Whether the Company had been involved in previous litigation.
16
17 In July of 2007, Koch assured Fattah that the Company had never
18 been sued. However, subsequent to his investments in the Company,
19 Fattah learned that the Company and Defendants Koch and Amir were
20 sued by Roland E. “Sandy” and Dianna Wheeler for breach of
21 contract regarding their investment in PetroMed. The suit was filed on
22 September 13, 2006 in Chelan County Superior Court.
23
24
25
26

27
28 3.75 In addition to the above-stated misrepresentations and misleading
29 statements, the Defendants also omitted certain key information that would be
30 material to an investor in making a decision whether to invest in a company,
31 particularly where inherent risks must be weighed in making an informed decision.
32
33
34

1 3.76 As a direct result of conversations and emails with Koch, and in
2 reliance upon the representations and promises made therein, as well as in reliance
3 upon written materials, press releases, financial documents, shareholder updates,
4 prospectuses or prospectus-like material, Omar Fattah began to invest in PetroMed
5 stock.
6
7
8

9 3.77 Fattah made his initial investment of \$125,000 on October 19, 2006.
10 At the time of this initial investment, Fattah was told he was investing in
11 PetroMed, PLC, which he was advised was trading at six Euros. At no time during
12 this initial phase was Fattah told there were multiple PetroMed entities. Fattah was
13 not made aware he would be investing in any other entity besides PetroMed, PLC.
14 The subscription agreement (hereinafter "Stock Investment Agreement(s)") for this
15 initial investment was in the name of PetroMed, Inc. He was instructed to wire the
16 funds to an account that is understood to be in the name of PetroMed, Inc.
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24 3.78 On December 8, 2006, Fattah invested an additional \$100,000 in
25 PetroMed, Inc. and a further \$50,000 on April 17, 2007 (funds wired to same Inc.
26 account). Fattah's decision to make both of these investments was based on
27 repeated e-mails and conversations with Koch and/or review of information
28 disseminated by the Company, each containing representations that are now known
29 to have been false or misleading.
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1 3.79 Koch solicited additional funds from Omar Fattah in August of 2007.
2 Koch promised that if Fattah would contribute \$100,000, there would be sufficient
3 funds to secure a ship for the 3-D seismic work. Based on these representations,
4 Fattah invested an additional \$100,000 on August 19, 2007. The funds were,
5 again, wired to PetroMed, Inc.'s account. In exchange for his \$100,000 investment,
6 Fattah received a promissory note that was convertible for an additional 100,000
7 PetroMed shares. The promissory note bears the address for PetroMed Ltd.,
8 references PetroMed Corporation, and bears the seal of PetroMed PLC. On April
9 29, 2009, Omar Fattah called this promissory note. To date, he has not been paid,
10 nor has he received any communication from Company officials regarding this
11 demand.
12

13 3.80 In December of 2007, Koch represented to Fattah that the bond
14 offering was finally complete and trading on the Frankfurt stock exchange (DAX).
15

16 3.81 On March 28, 2008, Omar Fattah invested \$20,000 in PetroMed
17 Corporation. Fattah invested an additional \$20,000 in PetroMed Corporation on
18 April 15, 2008. He invested an additional \$20,000 in PetroMed Corporation on
19 July 10, 2008. As to each investment, Fattah reasonably relied upon the continued
20 statements and representations made by the Company, through its agents and
21 representatives, either directly, or indirectly, through mails and e-mails, press
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1 releases, meetings, phone calls and/or other information disseminated by the
2 Company. As to each investment, Koch instructed Fattah to send the funds to the
3 PetroMed PLC account, even though the investment was to be in PetroMed Corp.
4

5
6 3.82 Defendant PetroMed, Inc. represented to Fattah that it was necessary
7 to raise millions of dollars through investors, and also obtain outside financing in
8 order to apply for exploratory permits off the coast of Israel. PetroMed, Inc.
9 claimed to have expended substantial funds on geological experts, seismic data,
10 and studies and mapping of potential drilling sites to identify the presence of
11 hydrocarbons.
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16
17 3.83 Instead of using the funds as represented, Defendants used the funds
18 for the personal benefit of Koch and his companies, Atlantique Capital Group and
19 Boswell Systems Corporation, and for Amir and his company, Abberley
20 International, Ltd.
21
22
23

24 3.84 In February 2008, Fattah met with Koch and Amir to discuss the
25 issues of unfulfilled promises, lack of any meaningful results, and poor
26 communication, as well as the fact that the company's only asset, the exploration
27 permits, had expired in January 2008. One of the concerns expressed to the
28 Defendants was that there had been no communication at all to inform
29 shareholders that the permits were for 18 months only and that a new procedure to
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1 apply for a drilling license was necessary. There had been no communication of
2 the possible risk of not obtaining the drilling licenses. During this meeting
3 Defendants Koch and Amir claimed they needed more funds to go to Israel to
4 negotiate with potential partners and prepare for the drill license application.
5
6 However, upon information and belief, it is believed that Defendants Koch and
7 Amir did not go to Israel. Nevertheless, the licenses were issued to PetroMed
8 Corporation, although the exploration permits were issued to PetroMed Ltd.
9
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13 3.85 At the meeting with Koch and Amir in February of 2008, Koch and
14 Amir disclosed that they were doing a 50:1 reverse stock split in PetroMed, PLC
15 and would issue new shares in PetroMed Corporation equivalent to \$1.00 per
16 share. This action, they said, was to limit the number of new shares that had been
17 issued, after discovering that a former consultant of the Company had issued
18 unauthorized shares to himself. Although Koch and Amir represented that the new
19 shares would be tradeable, the stock was not electronically trading at that time.
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26 3.86 Fattah subsequently learned that the market maker in Germany had
27 the stock de-listed from the DAX in the summer of 2008, due to the Company's
28 failure to make full disclosures.
29
30

31 3.87 On information and belief, the investment funds collected by
32 Atlantique Capital Group (Koch's personal company) from shareholders investing
33
34

1 in the Company was not deposited into Company accounts.

2 3.88 Based upon the totality of these circumstances, the Defendants knew,
3
4 or were reckless in not knowing, that certain statements made in connection with
5
6 the sales of Company securities were false and/or misleading and knew or were
7
8 reckless in not knowing that the acts, practices, course of business, devices and or
9
10 schemes engaged in worked a fraud against the Plaintiffs.

11 3.89 The Company either represented to potential investors that the stock
12
13 issued would be unrestricted, or represented that if the stock was restricted, the
14
15 restrictions would be lifted after a short period of time. This was either a direct
16
17 misrepresentation or a material omission, as the restriction on selling Company
18
19 shares has not been lifted.

20 3.90 Thomas Harris, CPA, prepared the audited financial statements that
21
22 were used to entice investors into the Company's fraudulent scheme.

23 3.91 Harris provided information that was material and false or omitted
24
25 information that was material.

26 3.92 Harris knew, or was reckless in not knowing, that the information that
27
28 was the basis for the financial statements was false.

29 3.93 Harris knew, or was reckless in not knowing, that the information
30
31 provided in the financial statements would be relied upon by investors, potential
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33
34

1 investors, and shareholders, including the Plaintiffs.

2 3.94 The Plaintiffs have been damaged as a result of Harris's actions.

3 3.95 As to any named individual Defendant who is or has been a corporate
4 officer/director of one or more of the PetroMed entities, said officer(s)/director(s)
5 have continuously and repeatedly engaged in fraudulent or dishonest acts or gross
6 abuse of authority or discretion, as more particularly detailed in the foregoing
7 paragraphs.
8

9 3.96 Said officers/directors have engaged in the conduct described above to
10 the detriment of the Company and its shareholders.
11

12 3.97 Plaintiffs are informed and believe and allege on information and
13 belief that said officers'/directors' conduct will continue if allowed to remain
14 and/or be re-appointed to the board of directors.
15

16
17 **IV. FIRST CAUSE OF ACTION –VIOLATIONS OF SECTION 10(b) OF**
18 **THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 10b-5 /**
19 **SECURITIES ACT OF 1933**
20

21 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
22 PLC, PetroMed Corporation, PetroMed Consortium Corporation of the
23 Bahamas, and John Does 1-50)
24

25 4.1 Plaintiffs reallege every allegation previously pled as if such
26 allegations were stated herein in their entirety.
27

28 4.2 Defendants directly or indirectly, singly or in concert, by use of the
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1 means of instrumentality of interstate commerce, or by use of the mails, or of the
2 facilities of the national securities exchange, in connection with the purchase and
3 sale of securities, knowingly or recklessly, have (a) employed manipulative or
4 deceptive devices, schemes and artifices to defraud; (b) made untrue statements of
5 material facts and omitted to state material facts necessary in order to make
6 statements made, in light of the circumstances under which they were made, not
7 misleading; and/or (c) engaged in acts, practices and courses of business which
8 operated or would have operated as fraud or deceit upon purchases of securities
9 upon other persons.
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16
17 4.3 As part of and in furtherance of the fraudulent scheme and other
18 violative conduct described above, Defendants, directly or indirectly, singly or in
19 concert, knowingly or recklessly, engaged in and/or employed fraudulent and
20 manipulative or deceptive devices, schemes and artifices, contrivances, acts,
21 transactions, practices and courses of business and/or made the misrepresentations
22 and/or omitted to state the facts alleged above in paragraphs 3.1 through 3.97.
23
24
25
26

27 4.4 The false and misleading statements and omissions made by the
28 Defendants, as more fully described above in paragraphs 3.1 through 3.97, were
29 material.
30
31
32

33 4.5 Defendants knew or were reckless in not knowing that these material
34

1 misrepresentations or omissions, more fully described above in paragraphs 3.1
2 through 3.97, were false and/or misleading and the Defendants also acted with the
3 requisite scienter by knowingly or recklessly engaging in the fraudulent scheme
4 and other misconduct described above in paragraphs 3.1 through 3.97.
5
6

7
8 4.6. The material misrepresentations, misleading statements and/or
9 omissions were in connection with the purchase or sale of a security.
10

11 4.7 The Plaintiffs reasonably relied on the material misrepresentations,
12 misleading statements and/or omissions and have suffered economic loss as a
13 direct result in an amount to be proven at trial.
14
15

16 4.8 By reason of the foregoing, Defendants, singly or in concert, directly
17 or indirectly, have each violated, Section 10(b) of the Securities Exchange Act of
18 1934 [15 U.S.C. 78j(b)] [and 15 U.S.C. 78r (re: Harris)] and Rule 10b-5 thereunder
19 20 [17 C.F.R. § 240.10b-5], and the Securities Act of 1933 [15 U.S.C. 77a et.seq.].
21
22

23 4.9 By reason of the foregoing and pursuant to the Exchange Act,
24 Defendants also aided and abetted, and are therefore also liable for, each others
25 primary violations, because they each knowingly provided substantial assistance to
26 such other Defendants' violations of the statutes and rules delineated above.
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1 **V. SECOND CAUSE OF ACTION – VIOLATIONS OF SECTION 15 OF**
2 **THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 20(a) OF**
3 **THE SECURITIES ACT OF 1933 – CONTROL PERSON LIABILITY**

4 (Amir, Koch, Durham)

5
6 5.1 Plaintiffs reallege every allegation previously pled as if such
7
8 allegations were stated herein in their entirety.

9
10 5.2 The previous allegations set forth that the Defendants have committed
11
12 primary violations of the Securities Exchange Act of 1934 and the Securities Act
13
14 of 1933.

15 5.3 As part of the misconduct set-forth herein, the individual Defendants
16
17 each exercised control over the general operations of the primary violator of the
18
19 securities acts complained of and/or possessed – but did not necessarily exercise –
20
21 the power to determine the specific acts or omissions complained of upon which
22
23 the underlying violations the securities acts are predicated. .

24 **VI. THIRD CAUSE OF ACTION –VIOLATIONS OF SECTION 12(a) OF**
25 **THE SECURITIES ACT OF 1933**

26
27 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
28 PLC, PetroMed Corporation, PetroMed Consortium Corporation of the
29 Bahamas, and John Does 1-50)

30 6.1 Plaintiffs reallege every allegation previously pled as if such
31
32 allegations were stated herein in their entirety.

33
34 6.2 Defendants directly or indirectly, singly or in concert, by use of the

1 means of instrumentality of interstate commerce, or by use of the mails, and by use
2 or means of a prospectus and/or oral communication, in connection an offer to sell
3 a security, made untrue statements of material facts and/or omitted to state material
4 facts necessary in order to make statements made, in light of the circumstances
5 under which they were made, not misleading.
6
7

8
9
10 6.3 By reason of the foregoing, Defendants, singly or in concert, directly
11 or indirectly, have each violated, Section 12(a) of the Securities Act of 1933 [15
12 U.S.C. 77l.]
13
14

15 **VII. FOURTH CAUSE OF ACTION – CRIMINAL PROFITEERING**

16
17 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
18 PLC, PetroMed Corporation, PetroMed Consortium Corporation of the
19 Bahamas, and John Does 1-50)
20

21 7.1 Plaintiffs reallege every allegation previously pled as if such
22 allegations were stated herein in their entirety.
23

24 7.2 As part of the misconduct set-forth herein, Defendants initiated the
25 perpetration of a pattern of criminal profiteering activity by engaging in repeated
26 and systematic acts in violation of RCW 9A.82.010 et seq.
27

28
29 7.3 Defendants committed the acts alleged herein for financial gain and,
30 accordingly, said acts constitute criminal profiteering.
31
32
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34

1 7.4 Defendants' conduct as described herein was a direct violation of
2 RCW 9A.82.010, et seq. and constitutes criminal profiteering, which has damaged
3 Plaintiffs in amounts to be proven at the time of trial.
4

5
6 7.5 In addition to actual damages, Plaintiffs have also incurred substantial
7 fees in investigating and discovery of the number of misdeeds committed by the
8 Defendants.
9
10

11 **VIII. FIFTH CAUSE OF ACTION – CIVIL CONSPIRACY**

12

13 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
14 PLC, PetroMed Corporation, PetroMed Consortium Corporation of the
15 Bahamas, and John Does 1-50)
16

17 8.1 Plaintiffs reallege every allegation previously pled as if such
18 allegations were stated herein in their entirety.
19

20 8.2 Defendants entered into an agreement between themselves to conspire
21 to, among other things, deprive Plaintiffs of their property by inducing Plaintiffs to
22 make the investments as stated herein which was unlawful and/or was
23 accomplished by unlawful means. As a result of Defendants' actions, Defendants,
24 were enriched to the detriment of Plaintiffs' financial interests.
25
26
27
28

29 8.3 Defendants have conspired and acted, as set forth above, pursuant to
30 the conspiracy, willfully, deliberately and with specific intent to injure Plaintiffs.
31 Such actions were unlawful and/or were accomplished by unlawful means. By
32
33
34

1 reason of Defendants' action, Plaintiffs, and each of them, are entitled to damages
2 from Defendants. Defendants, as co-conspirators, are jointly and severally liable
3 to Plaintiffs, and to each of them, for the damages sustained by Plaintiffs as a result
4 of Defendants' action.
5
6

7
8 **IX. SIXTH CAUSE OF ACTION – ESTOPPEL BY**
9 **MISREPRESENTATION**

10 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
11 PLC, PetroMed Corporation, PetroMed Consortium Corporation of the
12 Bahamas, and John Does 1-50)
13

14 9.1 Plaintiffs reallege every allegation previously pled as if such
15 allegations were stated herein in their entirety.
16

17 9.2 Plaintiffs in good faith reasonably relied upon Defendants'
18 representations. The Plaintiffs were enticed into investing in Defendants' company
19 based on representations made by Defendants.
20
21

22 9.3 Defendants led Plaintiffs to believe that they would have long-term
23 relationships with Defendants with the promise of financial gain and in reasonable
24 reliance of those representations, Plaintiffs began fulfilling their obligations as
25 investors/shareholders to the various PetroMed entities.
26
27

28 9.4 Plaintiffs were damaged as a result of their reasonable reliance on the
29 Defendants' misrepresentations.
30
31

32 9.5 Defendants are estopped by their misrepresentations from denying
33
34

1 Plaintiffs the benefit of their agreement.

2 **X. SEVENTH CAUSE OF ACTION – UNJUST ENRICHMENT**

3
4 (Amir, Koch, Durham, PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC,
5 PetroMed Corporation, PetroMed Consortium Corporation of the Bahamas
6 and John Does 1-50)

7
8 10.1 Plaintiffs reallege every allegation previously pled as if such
9
10 allegations were stated herein in their entirety.

11 10.2 Plaintiffs are entitled to the benefit of the PetroMed assets.

12
13 10.3 The assets in which the Plaintiffs maintain an interest by way of their
14
15 investments in the various PetroMed entities are implied in law.

16
17 10.4 Defendants have profited and/or benefited from the Plaintiffs'
18
19 investments into the companies and such profit or benefit is unjust.

20 10.5 Defendants were clearly aware of the profits and/or benefits conferred
21
22 upon them by the Plaintiffs.

23
24 10.6 Defendants' retention of the benefits/profits/assets conferred upon
25
26 them and/or acquired by them would be inequitable and/or unjust without
27
28 Defendants paying for the same.

XI. EIGHTH CAUSE OF ACTION – VIOLATION OF OFFICER’S DUTIES

(Amir, Koch, Durham and John Does 1-50)

11.1 Plaintiffs reallege every allegation previously pled as if such allegations were stated herein in their entirety.

11.2 RCW 23B.08.420 requires corporate officers to discharge their duties in good faith and in the best interest of the corporation.

11.3 By improperly converting corporate funds to their personal benefit and engaging in other wrongful acts, Defendants are in violation of RCW 23B.08.240.

XII. NINTH CAUSE OF ACTION – VIOLATION OF DIRECTOR’S DUTIES

(Amir, Koch, Durham and John Does 1-50)

12.1 Plaintiffs reallege every allegation previously pled as if such allegations were stated herein in their entirety.

12.2 RCW 23B.08.300 requires corporate directors to discharge their duties in good faith and in the best interest of the corporation.

12.3 By improperly converting corporate funds to their personal benefit and engaging in other wrongful acts, Defendants are in violation of RCW 23B.08.300.

**XIII. TENTH CAUSE OF ACTION –
BREACH-SPECIFIC PERFORMANCE**

(PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC, PetroMed Corporation, and
PetroMed Consortium Corporation of the Bahamas)

13.1 Plaintiffs reallege every allegation previously pled as if such
allegations were stated herein in their entirety.

13.2 The Stock Investment Agreement contains material terms of the
contract between the parties which Plaintiffs seek to enforce herein.

13.3 By reason of Defendants' refusal to issue new certificates from
PetroMed, PLC, Defendants are in breach.

13.4 By reason of Defendants' breach of the parties' agreement, Plaintiffs
request specific performance upon the written contractual terms.

**XIV. ELEVENTH CAUSE OF ACTION –
BREACH OF CONTRACT DAMAGES**

(PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC, PetroMed Corporation, and
Petromed Consortium Corporation of the Bahamas)

14.1 Plaintiffs reallege every allegation previously pled as if such
allegations were stated herein in their entirety.

14.2 As a result of Defendants' (and its successors') failure to comply with
the terms of the parties' agreements, Defendants are in breach of same.

14.3 By reason of the foregoing breach, and as a direct and proximate

1 result thereof, Plaintiffs have suffered damages in a sum to be determined at time
2 of trial.
3

4 **XV. TWELFTH CAUSE OF ACTION –**
5 **WASHINGTON SECURITIES ACT VIOLATIONS**
6

7 (Amir, Koch, Durham, Harris and John Does 1-50)
8

9 15.1 Plaintiffs reallege every allegation previously pled as if such
10 allegations were stated herein in their entirety.
11

12 15.2 Defendants Hagai Amir, Russell Koch, Lyle Durham, Thomas Harris
13 and John Does 1 through 50 were at all times herein, directors, officers, agents or
14 employees of PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC, PetroMed
15 Consortium Corporation and/or PetroMed Corporation.
16
17

18 15.3 Said individual Defendants knew or should have known of the
19 wrongful acts or transactions and/or were personally involved and/or materially
20 aided in the wrongful acts or transactions. Specifically, that material
21 representations were made with the intent to deceive Plaintiffs and transactions
22 were conducted with the intent to defraud the Plaintiffs. Plaintiffs have been
23 damaged as a direct result, and Defendants have profited from their violations of
24 the Washington Securities Act.
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31 15.4 Pursuant to RCW 21.20.430, Defendants Amir, Koch, Durham, Harris
32 and John Does 1-50 are jointly and severally liable for any and all violations of the
33
34

1 Washington Securities Act committed by PetroMed, Inc., PetroMed, Ltd.,
2 PetroMed PLC, PetroMed Corporation and/or Petromed Consortium Corporation.
3

4 15.5 By reason of Defendants wrongful acts and/or transactions or
5 involvement and or knowledge or constructive knowledge of said acts or
6 transactions, Plaintiffs have been damaged in an amount to be determined at trial
7
8 with interest and attorneys fees to be calculated as part of the damages.
9

10
11 **XVI. THIRTEENTH CAUSE OF ACTION – FRAUD**
12

13 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
14 PLC, PetroMed Corporation, Petromed Consortium Corporation of the
15 Bahamas, and John Does 1-50)
16

17 16.1 Plaintiffs reallege every allegation previously pled as if such
18 allegations were stated herein in their entirety.
19

20 16.2 Defendants represented that in return for an investment, Plaintiffs
21 would receive shares of common stock and that the PetroMed entity in which they
22 were investing had certain valuable assets. Each of those promises were material
23 elements of the stock investment agreements between the parties.
24

25 16.3 PetroMed, Inc.'s successor companies have refused to deliver (on a
26 share for share basis) new certificates for the shares held in PetroMed, Inc. and
27 have diverted company assets.
28

29 16.4 Defendants made material representations that they would deliver
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1 shares in PetroMed, Inc. with knowledge that they would never be delivered, thus
2 that such representations were, in fact, false. Defendants made material
3 representations that the PetroMed entity in which Plaintiffs were investing held
4 certain valuable assets. The Defendants made these representations, knowing of
5 their falsity, with the intent to defraud and deceive Plaintiffs and with the intent to
6 induce Plaintiffs to act in the manner alleged.
7
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11 16.5 Defendants also made material representations that they would deliver
12 all shareholders of PetroMed, Inc. new stock certificates in PetroMed, Inc.'s
13 successor, PetroMed, PLC. Hagai Amir announced to all shareholders that this
14 would be a share for share transfer with identical ownership. The Defendants made
15 these representations, knowing of their falsity, with the intent to defraud and
16 deceive Plaintiffs and with the intent to induce Plaintiffs to act in the manner
17 alleged.
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23

24 16.6 Plaintiffs, at the time said representations were made by Defendants
25 and at the time Plaintiffs took the actions herein alleged, were ignorant of the
26 falsity of Defendants' representations and believed them to be true. In reliance on
27 said representations, Plaintiffs were induced to and did invest in PetroMed. Had
28 Plaintiffs known of the true facts, they would not have taken such action.
29 Plaintiffs' reliance on Defendants' representations was reasonable and justified.
30
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1 16.7 As a proximate result of Defendants' fraud and deceit, Plaintiffs have
2 suffered general and special damages in a sum to be determined at trial.
3

4 **XVII.FOURTEENTH CAUSE OF ACTION –**
5 **NEGLIGENT MISREPRESENTATION**
6

7 (Amir, Koch, Durham, Harris, PetroMed, Inc., PetroMed, Ltd., PetroMed,
8 PLC, PetroMed Corporation, Petromed Consortium Corporation of the
9 Bahamas, and John Does 1-50)

10 17.1 Plaintiffs reallege every allegation previously pled as if such
11 allegations were stated herein in their entirety.
12

13 17.2 Defendants' representations to Plaintiffs as stated herein, were made
14 in the course of their business, profession or employment. Such representations
15 were false and Defendants knew of their falsity and/or Defendants had no
16 reasonable grounds for believing them to be true, thus they did not exercise
17 reasonable care in obtaining or communicating the information and the false
18 representations were made to induce Plaintiffs to invest money in Defendants'
19 business.
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26 17.3 As a proximate result of Defendants' negligent misrepresentations,
27 Plaintiffs suffered damages in a sum to be determined at time of trial.
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**XVIII. FIFTHTEENTH CAUSE OF ACTION –
UNIFORM FRAUDULENT TRANSFER ACT VIOLATION**

(Amir, Koch, Durham, PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC,
PetroMed Corporation, Petromed Consortium Corporation of the Bahamas
and John Does 1-50)

18.1 Plaintiffs reallege every allegation previously pled as if such
allegations were stated herein in their entirety.

18.2 Plaintiffs are creditors of Defendant PetroMed, Inc. and its successors.
Plaintiffs paid PetroMed, Inc. the funds described herein in return for shares of
stock Plaintiffs never received and do not have. By way of example of
Defendants' wrongful conduct and not by way of limitation, Defendants owe
Plaintiffs for which Plaintiffs bargained.

18.3 Defendants wrongfully converted for no consideration assets of the
business rightfully owned by the shareholders to a shell corporation controlled by
Defendants, PetroMed, Ltd. and other entities, with the intent to hinder, delay or
defraud Plaintiffs after incurring a debt to Plaintiffs.

18.4 Said transfer is a violation of RCW 19.40 et seq., and Plaintiffs have
been damaged and are entitled to relief as authorized under said statute.

**XIX. SIXTEENTH CAUSE OF ACTION –
CONSTRUCTIVE FRAUD**

(Amir, Koch, Durham, PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC,
PetroMed Corporation, PetroMed Consortium Corporation of the Bahamas,
and John Does 1-50)

19.1 Plaintiffs reallege every allegation previously pled as if such
allegations were stated herein in their entirety

19.2 Defendants purposefully and intentionally converted assets of the
PetroMed entities in a direct attempt to divest the Plaintiffs of their rightful
ownership in the same.

19.3 The acts alleged herein demonstrate the Defendants had a fiduciary
duty to the Plaintiffs owing them a heightened standard of care, the Defendants
breached that fiduciary duty, amounting to constructive fraud, and the Plaintiffs
were injured as a direct result of such breach in an amount to be proven at trial.

**XX. SEVENTEENTH CAUSE OF ACTION -
CONSUMER PROTECTION ACT VIOLATION**

(Amir, Koch, Durham, PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC,
PetroMed Corporation, Petromed Consortium Corporation of the Bahamas,
and John Does 1-50)

20.1 Plaintiffs reallege every allegation previously pled as if such
allegations were stated herein in their entirety.

20.2 Defendants' coercion of Plaintiffs to enter into a business transaction

1 by making false promises to Plaintiffs was an unfair and deceptive act occurring in
2 the stream of commerce.
3

4 20.3 The Defendants' and their agents' actions and/or omissions affected
5 the public interest, were committed in the course of Defendants' business and
6 Defendants' actions affected others.
7

8 20.4 Because Defendants Amir, Koch, Durham and John Does 1-50
9 actively solicited individuals in Washington State as investors, and since
10 PetroMed, Inc.'s successors' shares are publicly traded, the deceptive practices had
11 the potential to significantly impact the public interest.
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13 20.5 As a direct and proximate cause of Defendants' wrongful actions
14 and/or omissions, Plaintiffs suffered damages in violation of the Washington State
15 Consumer Protection Act, RCW 19.86.020.
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22 **XXI. EIGHTEENTH CAUSE OF ACTION –**
23 **BREACH OF FIDUCIARY DUTY**
24

25 (Amir, Koch, and John Does 1-50)
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27 21.1 Plaintiffs reallege every allegation previously pled as if such
28 allegations were stated herein in their entirety.
29

30 21.2 As directors, officers shareholders and/or agents of PetroMed, Inc.,
31 PetroMed, Ltd. and/or PetroMed, PLC, and/or PetroMed Corporation Defendants
32 Koch, Amir, and John Does 1-50 owed Plaintiffs a fiduciary duty with the utmost
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1 duty of undivided loyalty and fairness as well as other duties imposed and implied
2 by law.
3

4 21.3 By refusing to deal fairly with Plaintiffs, by wrongfully converting
5 assets that should have been owned by PetroMed, Inc. to PetroMed, PLC and
6 PetroMed, PLC to PetroMed Corporation without consideration, and without
7 shareholder notice or approval; and by refusing to deliver to Plaintiffs stock
8 certificates reflecting their true ownership interest in the successor companies and
9 other wrongful conduct, Defendants breached their fiduciary duties to Plaintiffs.
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15 21.4 Said breach has caused Plaintiffs to suffer damages in a sum to be
16 determined at the time of trial.
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19 **XXII.NINETEENTH CAUSE OF ACTION – BREACH OF**
20 **FIDUCIARY DUTY**

21 (Durham and John Does 1-50)
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23 22.1 Plaintiffs reallege every allegation previously pled as if such
24 allegations were stated herein in their entirety.
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26 22.2 As a director, officer and shareholder of PetroMed, Inc., PetroMed,
27 Ltd. and/or PetroMed, PLC, and/or PetroMed Corporation, Defendant Lyle
28 Durham owed Plaintiffs a fiduciary duty of loyalty and fairness as well as other
29 duties imposed and implied by law.
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33 22.3 As a member of the board of directors, Lyle Durham gave no
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1 direction to the company, and as an officer failed to do anything to insure minority
2 shareholders in the company were protected.
3

4 22.4 By completely failing to perform all of his duties and responsibilities
5 as a director and officer, said breach has caused Plaintiffs to suffer damages in a
6 sum to be determined at the time of trial.
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10 **XXIII. TWENTIETH CAUSE OF ACTION – CONVERSION**

11 (Koch, Amir, Durham, PetroMed, Inc., PetroMed, Ltd., PetroMed, PLC,
12 PetroMed Corporation, Petromed Consortium Corporation of the Bahamas,
13 and John Does 1-50)
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15 23.1 Plaintiffs reallege every allegation previously pled as if such
16 allegations were stated herein in their entirety.
17

18 23.2 Throughout the existence of PetroMed, Inc. and its successor entities,
19 Defendants solicited investors with the promise that funds acquired by PetroMed,
20 Inc. through either investment or through financing would be used to acquire
21 exploratory permits from the government of Israel, and that said permits would
22 become assets of PetroMed, Inc.
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27 23.3 In 2006, without notice to or authorization from the shareholders of
28 PetroMed, Inc., Defendants directed that the exploratory permits be issued to
29 PetroMed, Ltd. rather than PetroMed, Inc. By their actions, Defendants willfully
30 and without justification interfered and/or deprived the Plaintiffs of their rightful
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1 ownership in the assets of the companies in which they invested.

2 23.4 As a result of Defendants' conversion of assets from PetroMed, Inc.,
3
4 Plaintiffs have suffered damages in an amount to be established at time of trial.
5

6 WHEREFORE, having stated sufficient facts upon which to base a claim for
7
8 relief, Plaintiffs pray for judgment jointly and severally as follows:

9 1. For an order declaring specific performance of the parties'
10
11 agreements;
12

13 2. For judgment against Defendants for breach of contract in an
14
15 amount to be proven at time of trial;
16

17 3. Plaintiffs are entitled to recover actual damages sustained as set forth
18
19 in RCW 9A.82.100(4)(d), plus additional amounts incurred in bringing this cause
20
21 of action, including but not limited to, reasonable investigative and attorney's fees
22
23 as set forth in RCW 9A.82.100(1)(a) and (c);

24 4. Plaintiffs are entitled to recover three times the actual damages
25
26 sustained pursuant to RCW 9A.82.100(4)(d);

27 5. Imposition of civil penalties, up to **\$250,000**, against the Defendants,
28
29 in addition to awarding the costs of the suit, including reasonable investigative and
30
31 attorney's fees as provided or in RCW 9A.82.100(4)(d);
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34

1 6. Grant Plaintiffs such other and additional relief as provided for in
2 RCW 9A.82.100, including but in no way limited to, reasonable restrictions on
3 future activities of Defendants, ordering dissolution of certain PetroMed entities
4 and ordering a forfeiture of the assets at issue;
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6

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8 7. For judgment against the Defendants for violations of the Exchange
9 Act and for Plaintiffs' attorneys fees and costs;
10

11 8. For injunctive relief, including but not limited to, that available
12 pursuant to case law interpreting and pursuant to the Exchange Act, to secure the
13 assets of PetroMed, including but not limited to the drilling licenses 347 and 348
14 and the exploration permit 199 issued by the government of Israel;
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17 9. For judgment against the Defendants for damages incurred by the
18 Plaintiffs as a result of Defendants' civil conspiracy;
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21 10. For judgment against Defendants for violation of the Securities Act of
22 Washington in an amount to be proven at time of trial, along with Plaintiffs'
23 attorneys' fees and costs per RCW 21.20.430(1);
24
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26 11. For judgment against Defendants for fraud and/or negligent
27 misrepresentation in an amount to be proven at time of trial;
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30 12. For judgment against Defendants awarding Plaintiffs damages and
31 injunctive relief for fraudulent transfers in an amount to be proven at time of trial;
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1 13. For judgment against Defendants awarding Plaintiffs damages and
2 attorney fees and costs for constructive fraud;
3

4 14. For judgment against Defendants awarding Plaintiffs actual damages
5 as well as treble damages and attorney fees for violation of the Consumer
6 Protection Act in amounts to be proven at time of trial;
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9 15. For judgment against Defendants for breach of their fiduciary duties
10 to Plaintiffs in an amount to be proven at time of trial and for attorney fees for the
11 same;
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14 16. For judgment against Defendants for conversion, and for an order
15 unwinding the transfer of 25,142,427 shares in PetroMed, PLC to PetroMed, Ltd.;
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18 17. For an award of Plaintiffs' reasonable attorneys' fees and costs
19 incurred herein;
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22 18. That all Defendants and all of their directors, officers, employees,
23 agents, servants and all other persons in active concert or in participation with
24 them, be enjoined temporarily during pendency of this action, and permanently
25 thereafter, from committing any more acts in furtherance of the schemes alleged
26 herein and take such other and further action as is necessary to protect and enjoin
27 any activities by Defendants that in any way jeopardize the company assets;
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33 19. That all Defendants be required to account for all gains, profits, and
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1 advantages derived from their several improper acts alleged herein, including all
2 violation(s) of applicable State and Federal law;
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4 20. That any and all named individual Defendants who now are or have in
5 the past been officers/directors of the Company be removed from office as an
6 officer/director of the Company, and be barred from re-election or appointment as
7 an officer/director of the Company;
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11 21. That judgment be entered for Plaintiffs and against all Defendants for
12 Plaintiffs' actual damages, and for any gains, profits, or advantages attributable to
13 said violations;
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17 22. That all Defendants pay to Plaintiffs their costs of the lawsuit incurred
18 herein including, but not limited to, all necessary research, all non-judicial
19 enforcement and all reasonable counsel's fees, at a minimum of \$200.00 per hour
20 worked (Plaintiffs' standard professional rate at the start of this action);
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24 23. That Plaintiffs be granted leave to amend this Complaint; and
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26 24. That Plaintiffs have such other and further relief as this Court deems
27 just and proper, under the circumstances of this action.
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1 DATED this 14th day of October, 2009.

2
3 STAMPER RUBENS, P.S.

4
5
6 By: 

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19 Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of October 2009, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System which will send notification of such filing to the following:

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